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FISCAL IMPACT STATEMENT

LS 7583

BILL NUMBER: SB 475

NOTE PREPARED: Jan 9, 2007

BILL AMENDED:

SUBJECT: Unemployment Insurance.

FIRST AUTHOR: Sen. Lewis

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED:

GENERAL

IMPACT: State

**X DEDICATED
FEDERAL**

Summary of Legislation: This bill requires the Unemployment Insurance Board to determine that certain criteria apply to construction services performed by an individual under a construction contract in order to be considered "employment" for unemployment insurance purposes. The bill cancels contributions, interest, and penalties against an employer whose protest of a Department of Workforce Development decision that certain individuals performing services for the employer were employees rather than independent contractors was denied.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The bill should not have any impact on the state as an employer.

Explanation of State Revenues: *Summary:* The bill could reduce the revenue into the Unemployment Insurance Benefit Fund by an unknown amount. The fund received employer's contributions of about \$613.8 M for FY 2006.

Background: The bill defines employment to include construction services performed by an individual under a construction contract if the individual is paid for services and if at least 10 of the following criteria apply:

- (1) The employer directs or controls the manner or method by which instructions are given to the individual performing services.
- (2) The employer requires particular training for the individual performing services.
- (3) Services performed by the individual are integrated into the regular functioning of the employer.

- (4) The employer requires that services be provided by a particular individual.
- (5) The employer hires, supervises, or pays the wages of the individual performing services.
- (6) A continuing relationship between the employer and the individual performing services exists that contemplates continuing or recurring work, even if not full-time work.
- (7) The employer requires the individual to perform services during established hours.
- (8) The employer requires that the individual performing services be devoted on a full-time basis to the business of the employer.
- (9) The employer requires the individual to perform services on the employer's premises.
- (10) The employer requires the individual performing services to follow the order of work established by the employer.
- (11) The employer requires the individual performing services to make oral or written reports of progress.
- (12) The employer makes payment to the individual for services on a regular basis, such as hourly, weekly, or monthly.
- (13) The employer pays expenses for the individual performing services.
- (14) The employer furnishes tools and materials for use by the individual to perform services.
- (15) The individual performing services has not invested in the facilities used to perform services.
- (16) The individual performing services does not realize a profit or suffer a loss as a result of the performance of the services.
- (17) The individual performing services is not performing services for more than two employers simultaneously.
- (18) The individual performing services does not make the services available to the general public.
- (19) The employer has a right to discharge the individual performing services.
- (20) The individual performing services has the right to end the individual's relationship with the employer without incurring liability under an employment contract or agreement.

The bill also cancels contributions, interest, and penalties against an employer whose protest of a Department of Workforce Development decision that certain individuals performing services for the employer were employees rather than independent contractors was denied in the period October 15, 2006, and ending November 15, 2006.

Explanation of Local Expenditures: The bill should not have any impact on local units as employers.

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.